



General Assembly

January Session, 2011

Raised Bill No. 920

LCO No. 2970

____SB00920INS__031611____

Referred to Committee on Insurance and Real Estate

Introduced by:
(INS)

AN ACT CONCERNING REVISIONS TO THE INSURANCE STATUTES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (d) of section 38a-8 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2011*):

4 (d) The commissioner shall develop a program of periodic review to
5 ensure compliance by the Insurance Department with the minimum
6 standards established by the National Association of Insurance
7 Commissioners for effective financial surveillance and regulation of
8 insurance companies operating in this state. The commissioner shall
9 adopt regulations, in accordance with the provisions of chapter 54,
10 pertaining to the financial surveillance and solvency regulation of
11 insurance companies and health care centers as are reasonable and
12 necessary to obtain or maintain the accreditation of the Insurance
13 Department by the National Association of Insurance Commissioners.
14 The commissioner shall maintain, as confidential, any confidential
15 documents or information received from the National Association of
16 Insurance Commissioners, or the International Association of
17 Insurance Supervisors, or any documents or information received from

18 state or federal insurance, banking or securities regulators or similar
 19 regulators in a foreign country which are confidential in such
 20 jurisdictions. The commissioner may share any information, including
 21 confidential information, with the National Association of Insurance
 22 Commissioners, the International Association of Insurance
 23 Supervisors, or state or federal insurance, banking or securities
 24 regulators or similar regulators in a foreign country so long as the
 25 commissioner determines that such entities agree to maintain the same
 26 level of confidentiality in their jurisdiction as is available in this state.
 27 The commissioner may engage the services of [, at the expense of a
 28 domestic, alien or foreign insurer,] attorneys, actuaries, accountants
 29 and other experts not otherwise part of the commissioner's staff as may
 30 be necessary, at the expense of a domestic, alien or foreign insurer or
 31 other entity requiring licensure or registration under this title, to assist
 32 the commissioner in the financial analysis of the insurer or other entity,
 33 the review of the insurer's or other entity's license or registration
 34 applications, and the review of transactions within a holding company
 35 system involving an insurer domiciled in this state. No duties of a
 36 person employed by the Insurance Department on November 1, 2002,
 37 shall be performed by such attorney, actuary, accountant or expert.

38 Sec. 2. Section 38a-9 of the general statutes is repealed and the
 39 following is substituted in lieu thereof (*Effective from passage*):

40 (a) Notwithstanding the provisions of section 4-8, there shall be a
 41 [Division of Consumer Affairs] division within the Insurance
 42 Department [, which division] that shall act on the Insurance
 43 Commissioner's behalf and at [his] said commissioner's direction in
 44 order to carry out his responsibilities under this title with respect to
 45 [such] consumer and market conduct matters. The division shall
 46 receive and review complaints from residents of this state concerning
 47 their insurance problems, including claims disputes, and serve as a
 48 mediator in such disputes in order to assist the commissioner in
 49 determining whether statutory requirements and contractual
 50 obligations within the commissioner's jurisdiction have been fulfilled.
 51 There shall be a director of said division, who shall be provided with

52 sufficient staff. The division shall serve to coordinate all appropriate
 53 facilities in the department in addressing such complaints, and
 54 conduct any outreach programs deemed necessary to properly inform
 55 and educate the public on insurance matters. The director shall submit
 56 quarterly reports to the commissioner, which shall state the number of
 57 complaints received by the division in such calendar quarter, the
 58 Connecticut premium volume of the appropriate line of each insurance
 59 company against which a complaint has been filed, the types of
 60 complaints received, and the number of such complaints which have
 61 been resolved. Such reports shall be published every six months and
 62 copies shall be made available to any interested resident of this state
 63 upon request. The commissioner shall report, in accordance with
 64 section 11-4a, to the joint standing committee of the General Assembly
 65 having cognizance of matters relating to insurance on or before
 66 January fifteenth annually, concerning the findings of such reports and
 67 suggestions for legislative initiatives to address recurring problems.

68 (b) (1) The [Division of Consumer Affairs] division set forth in
 69 subsection (a) of this section shall provide an independent arbitration
 70 procedure for the settlement of disputes between claimants and
 71 insurance companies concerning automobile physical damage and
 72 automobile property damage liability claims in which liability and
 73 coverage are not in dispute. Such procedure shall apply only to
 74 disputes involving private passenger motor vehicles as defined in
 75 subsection (e) of section 38a-363. Any company licensed to write
 76 private passenger automobile insurance, including collision,
 77 comprehensive and theft, in this state shall participate in the
 78 arbitration procedure. The commissioner shall appoint an
 79 administrator for such procedure. Only those disputes in which
 80 attempts at mediation by [the Division of Consumer Affairs] said
 81 division have failed shall be accepted as arbitrable. The referral of the
 82 complaint to arbitration shall be made by the Insurance Department
 83 examiner who investigated the complaint. [Each party to] The claimant
 84 and the insurance company involved in the dispute shall pay a filing
 85 fee of [twenty] fifty dollars and one hundred dollars, respectively. The

86 insurance company shall pay the consumer the undisputed amount of
87 the claim upon written notification from the department that the
88 complaint has been referred to arbitration. Such payment shall not
89 affect any right of the consumer to pursue the disputed amount of the
90 claim.

91 (2) The commissioner shall prepare a list of at least ten persons, who
92 have not been employed by the department or an insurance company
93 during the preceding twelve months, to serve as arbitrators in the
94 settlement of such disputes. The arbitrators shall be members of any
95 dispute resolution organization approved by the commissioner. One
96 arbitrator shall be appointed to hear and decide each complaint.
97 Appointment shall be based solely on the order of the list. If an
98 arbitrator is unable to serve on a given day, or if either party objects to
99 the arbitrator, then the next arbitrator on the list shall be selected. The
100 department shall schedule arbitration hearings as often, and in such
101 locations, as it deems necessary. Parties to the dispute shall be
102 provided written notice of the hearing at least ten days prior to the
103 hearing date. The commissioner may issue subpoenas on behalf of the
104 arbitrator to compel the attendance of witnesses and the production of
105 documents, papers and records relevant to the dispute. Decisions shall
106 be made on the basis of the evidence presented at the arbitration
107 hearing. Where the arbitrator believes that technical expertise is
108 necessary to decide a case, such arbitrator may consult with an
109 independent expert recommended by the commissioner. The arbitrator
110 and any independent technical expert shall be paid by the department
111 on a per dispute basis as established by the commissioner. The
112 arbitrator, as expeditiously as possible but not later than fifteen days
113 after the arbitration hearing, shall render a written decision based on
114 the information gathered and disclose the findings and the reasons to
115 the parties involved. The arbitrator shall award filing fees to the
116 prevailing party. If the decision favors the consumer the decision shall
117 provide specific and appropriate remedies including interest at the rate
118 of fifteen per cent per year on the arbitration award concerning the
119 disputed amount of the claim, retroactive to the date of payment for

120 the undisputed amount of the claim. The decision may include costs
 121 for loss of use and storage of the motor vehicle and shall specify a date
 122 for performance and completion of all awarded remedies.
 123 Notwithstanding any provision of the general statutes or any
 124 regulation, the Insurance Department shall not amend, reverse,
 125 rescind, or revoke any decision or action of any arbitrator. The
 126 department shall contact the consumer not later than ten business days
 127 after the date for performance, to determine whether performance has
 128 occurred. Either party may make application to the superior court for
 129 the judicial district in which one of the parties resides or, when the
 130 court is not in session, any judge thereof for an order confirming,
 131 vacating, modifying or correcting any award, in accordance with the
 132 provisions of sections 52-417, 52-418, 52-419 and 52-420. If it is
 133 determined by the court that either party's position after review has
 134 been improved by at least ten per cent over that party's position after
 135 arbitration, the court may grant to that party its costs and reasonable
 136 attorney's fees. No evidence, testimony, findings, or decision from the
 137 department arbitration procedure shall be admissible in any civil
 138 proceeding, except judicial review of the arbitrator's decision as
 139 contemplated by this subsection.

140 (3) The department shall maintain records of each dispute,
 141 including names of parties to the arbitration, the decision of the
 142 arbitrator, compliance, the appeal, if any, and the decision of the court.
 143 The department shall annually compile such statistics and send a copy
 144 to the committee of the General Assembly having cognizance of
 145 matters relating to insurance. The report shall be considered a public
 146 document.

147 (c) Notwithstanding the provisions of section 4-8, there shall be [a
 148 Division of Rate Review] divisions within the Insurance Department [,
 149 which division] that shall act on the commissioner's behalf and at the
 150 commissioner's direction in order to carry out the commissioner's
 151 responsibilities under this title with respect to [such matters] rate
 152 review. Subject to the provisions of sections 38a-663 to 38a-696,
 153 inclusive, the [division] divisions shall assist the commissioner in

154 reviewing rates and supplementary rate information filed with the
 155 department for compliance with statutory requirements and
 156 standards. The [division's staff] divisions' staffs shall include rating
 157 examiners with sufficient actuarial expertise. Upon the request of the
 158 commissioner, the [division] divisions shall review rates and
 159 supplementary rate information, and any suspected violation of the
 160 statutory requirements and standards of sections 38a-663 to 38a-696,
 161 inclusive, found pursuant to such review shall be referred to the
 162 commissioner for appropriate action. The [division] divisions may
 163 assist the commissioner in formalizing the commissioner's findings
 164 regarding such actions. The commissioner shall report, in accordance
 165 with section 11-4a, to the joint standing committee of the General
 166 Assembly having cognizance of matters relating to insurance on or
 167 before January fifteenth annually, concerning (1) the number and type
 168 of reviews conducted by the property and casualty division in the
 169 prior calendar year, and (2) the percentage of increase or decrease in
 170 rates reviewed by the property and casualty division during the
 171 preceding calendar year, by line and subline of insurance.

172 (d) The directors and staff of [both the Division of Consumer Affairs
 173 and the Division of Rate Review] the divisions set forth in subsections
 174 (a) and (c) of this section shall be appointed by the commissioner
 175 under the provisions of chapter 67.

176 Sec. 3. Subsection (a) of section 38a-11 of the general statutes is
 177 repealed and the following is substituted in lieu thereof (*Effective*
 178 *October 1, 2011*):

179 (a) The commissioner shall demand and receive the following fees:
 180 (1) For the annual fee for each license issued to a domestic insurance
 181 company, two hundred dollars; (2) for receiving and filing annual
 182 reports of domestic insurance companies, fifty dollars; (3) for filing all
 183 documents prerequisite to the issuance of a license to an insurance
 184 company, two hundred twenty dollars, except that the fee for such
 185 filings by any health care center, as defined in section 38a-175, shall be
 186 one thousand three hundred fifty dollars; (4) for filing any additional

187 paper required by law, thirty dollars; (5) for each certificate of
188 valuation, organization, reciprocity or compliance, forty dollars; (6) for
189 each certified copy of a license to a company, forty dollars; (7) for each
190 certified copy of a report or certificate of condition of a company to be
191 filed in any other state, forty dollars; (8) for amending a certificate of
192 authority, two hundred dollars; (9) for each license issued to a rating
193 organization, two hundred dollars. In addition, insurance companies
194 shall pay any fees imposed under section 12-211; (10) a filing fee of
195 fifty dollars for each initial application for a license made pursuant to
196 section 38a-769; (11) with respect to insurance agents' appointments:
197 (A) A filing fee of fifty dollars for each request for any agent
198 appointment, except that no filing fee shall be payable for a request for
199 agent appointment by an insurance company domiciled in a state or
200 foreign country which does not require any filing fee for a request for
201 agent appointment for a Connecticut insurance company; (B) a fee of
202 one hundred dollars for each appointment issued to an agent of a
203 domestic insurance company or for each appointment continued; and
204 (C) a fee of eighty dollars for each appointment issued to an agent of
205 any other insurance company or for each appointment continued,
206 except that (i) no fee shall be payable for an appointment issued to an
207 agent of an insurance company domiciled in a state or foreign country
208 which does not require any fee for an appointment issued to an agent
209 of a Connecticut insurance company, and (ii) the fee shall be twenty
210 dollars for each appointment issued or continued to an agent of an
211 insurance company domiciled in a state or foreign country with a
212 premium tax rate below Connecticut's premium tax rate; (12) with
213 respect to insurance producers: (A) An examination fee of fifteen
214 dollars for each examination taken, except when a testing service is
215 used, the testing service shall pay a fee of fifteen dollars to the
216 commissioner for each examination taken by an applicant; (B) a fee of
217 eighty dollars for each license issued; (C) a fee of eighty dollars per
218 year, or any portion thereof, for each license renewed; and (D) a fee of
219 eighty dollars for any license renewed under the transitional process
220 established in section 38a-784; (13) with respect to public adjusters: (A)
221 An examination fee of fifteen dollars for each examination taken,

222 except when a testing service is used, the testing service shall pay a fee
223 of fifteen dollars to the commissioner for each examination taken by an
224 applicant; and (B) a fee of two hundred fifty dollars for each license
225 issued or renewed; (14) with respect to casualty adjusters: (A) An
226 examination fee of twenty dollars for each examination taken, except
227 when a testing service is used, the testing service shall pay a fee of
228 twenty dollars to the commissioner for each examination taken by an
229 applicant; (B) a fee of eighty dollars for each license issued or renewed;
230 and (C) the expense of any examination administered outside the state
231 shall be the responsibility of the entity making the request and such
232 entity shall pay to the commissioner two hundred dollars for such
233 examination and the actual traveling expenses of the examination
234 administrator to administer such examination; (15) with respect to
235 motor vehicle physical damage appraisers: (A) An examination fee of
236 eighty dollars for each examination taken, except when a testing
237 service is used, the testing service shall pay a fee of eighty dollars to
238 the commissioner for each examination taken by an applicant; (B) a fee
239 of eighty dollars for each license issued or renewed; and (C) the
240 expense of any examination administered outside the state shall be the
241 responsibility of the entity making the request and such entity shall
242 pay to the commissioner two hundred dollars for such examination
243 and the actual traveling expenses of the examination administrator to
244 administer such examination; (16) with respect to certified insurance
245 consultants: (A) An examination fee of twenty-six dollars for each
246 examination taken, except when a testing service is used, the testing
247 service shall pay a fee of twenty-six dollars to the commissioner for
248 each examination taken by an applicant; (B) a fee of two hundred fifty
249 dollars for each license issued; and (C) a fee of two hundred fifty
250 dollars for each license renewed; (17) with respect to surplus lines
251 brokers: (A) An examination fee of twenty dollars for each
252 examination taken, except when a testing service is used, the testing
253 service shall pay a fee of twenty dollars to the commissioner for each
254 examination taken by an applicant; and (B) a fee of six hundred
255 twenty-five dollars for each license issued or renewed; (18) with
256 respect to fraternal agents, a fee of eighty dollars for each license

257 issued or renewed; (19) a fee of twenty-six dollars for each license
 258 certificate requested, whether or not a license has been issued; (20)
 259 with respect to domestic and foreign benefit societies shall pay: (A) For
 260 service of process, fifty dollars for each person or insurer to be served;
 261 (B) for filing a certified copy of its charter or articles of association,
 262 fifteen dollars; (C) for filing the annual report, twenty dollars; and (D)
 263 for filing any additional paper required by law, fifteen dollars; (21)
 264 with respect to foreign benefit societies: (A) For each certificate of
 265 organization or compliance, fifteen dollars; (B) for each certified copy
 266 of permit, fifteen dollars; and (C) for each copy of a report or certificate
 267 of condition of a society to be filed in any other state, fifteen dollars;
 268 (22) with respect to reinsurance intermediaries: A fee of six hundred
 269 twenty-five dollars for each license issued or renewed; (23) with
 270 respect to life settlement providers: (A) A filing fee of twenty-six
 271 dollars for each initial application for a license made pursuant to
 272 section 38a-465a; and (B) a fee of forty dollars for each license issued or
 273 renewed; (24) with respect to life settlement brokers: (A) A filing fee of
 274 twenty-six dollars for each initial application for a license made
 275 pursuant to section 38a-465a; and (B) a fee of forty dollars for each
 276 license issued or renewed; (25) with respect to preferred provider
 277 networks, a fee of two thousand seven hundred fifty dollars for each
 278 license issued or renewed; (26) with respect to rental companies, as
 279 defined in section 38a-799, a fee of eighty dollars for each permit
 280 issued or renewed; (27) with respect to medical discount plan
 281 organizations licensed under section 38a-479rr, a fee of six hundred
 282 twenty-five dollars for each license issued or renewed; (28) with
 283 respect to pharmacy benefits managers, an application fee of one
 284 hundred dollars for each registration issued or renewed; (29) with
 285 respect to captive insurance companies, as defined in section 38a-91aa,
 286 a fee of three hundred seventy-five dollars for each license issued or
 287 renewed; [and] (30) with respect to each duplicate license issued a fee
 288 of fifty dollars for each license issued; and (31) a filing fee of two
 289 thousand five hundred dollars for each statement of acquisition of
 290 control of a domestic insurance company filed pursuant to section 38a-
 291 130.

292 Sec. 4. Section 38a-14a of the general statutes is repealed and the
293 following is substituted in lieu thereof (*Effective October 1, 2011*):

294 (a) Subject to the limitation contained in this section and in addition
295 to the powers which the Insurance Commissioner has under sections
296 38a-14 and 38a-15, as amended by this act, relating to the examination
297 of insurance companies and health care centers doing business in this
298 state, the commissioner shall have the power to order any insurance
299 company registered under section 38a-135 or health care center to
300 produce such records, books or other information in the possession of
301 the insurance company or the health care center or its affiliates as are
302 reasonably necessary to ascertain the financial condition of such
303 insurance company or health care center or to determine compliance
304 with sections 38a-129 to 38a-140, inclusive. In the event such insurance
305 company or health care center fails to comply with such order, the
306 commissioner shall have the power to examine any such affiliate to
307 obtain such information.

308 (b) The commissioner may engage the services of attorneys,
309 actuaries, accountants and other experts not otherwise a part of the
310 commissioner's staff, at the registered insurance company's or health
311 care center's expense, as shall be reasonably necessary to assist in the
312 conduct of the examination under subsection (a) of this section. All
313 persons so engaged shall be under the direction and control of the
314 commissioner and shall act in a purely advisory capacity.

315 (c) Each registered insurance company or health care center
316 producing for examination records, books and papers pursuant to
317 subsection (a) of this section shall be liable for and shall pay the
318 expense of such examination in accordance with sections 38a-14 and
319 38a-15, as amended by this act.

320 Sec. 5. Section 38a-15 of the general statutes is repealed and the
321 following is substituted in lieu thereof (*Effective October 1, 2011*):

322 (a) The commissioner shall, as often as [he] the commissioner deems
323 it expedient, undertake a market conduct examination of the affairs of

324 any insurance company, health care center or fraternal benefit society
325 doing business in this state.

326 (b) To carry out the examinations under this section, the
327 commissioner may appoint, as market conduct examiners, one or more
328 competent persons [, not officers] who shall not be officers of, or
329 connected with or interested in, any insurance company, health care
330 center or fraternal benefit society, other than as a policyholder. In
331 conducting the examination, the commissioner, [his] the
332 commissioner's actuary or any examiner authorized by the
333 commissioner may examine, under oath, the officers and agents of
334 such an insurance company, health care center or fraternal benefit
335 society and all persons deemed to have material information regarding
336 the company's, center's or society's property or business. Each such
337 company, center or society, its officers and agents, shall produce the
338 books and papers, in its or their possession, relating to its business or
339 affairs, and any other person may be required to produce any book or
340 paper [, in his] in such person's custody [,] deemed to be relevant to the
341 examination, for the inspection of the commissioner, [his] the
342 commissioner's actuary or examiners, when required. The officers and
343 agents of the company, center or association shall facilitate the
344 examination and aid the examiners in making the same so far as it is in
345 their power to do so.

346 (c) Each market conduct examiner shall make a full and true report
347 of each market conduct examination made by [him] such examiner,
348 which shall comprise only facts appearing upon the books, papers,
349 records or documents of the examined company, center or society or
350 ascertained from the sworn testimony of its officers or agents or of
351 other persons examined under oath concerning its affairs. The
352 examiner's report shall be presumptive evidence of the facts therein
353 stated in any action or proceeding in the name of the state against the
354 company, center or society, its officers or agents. [The] Before filing
355 such report, the commissioner shall grant a hearing to the company,
356 center or society examined, [before filing any such report,] and may
357 withhold any such report from public inspection for such time as [he]

358 the commissioner deems proper. The commissioner may, if [he] said
 359 commissioner deems it in the public interest, publish any such report,
 360 or the result of any such examination contained therein, in one or more
 361 newspapers of the state.

362 [(d) All the expense of any examination made under the authority of
 363 this section, other than examinations of domestic insurance companies,
 364 shall be paid by the company, center or society examined, and
 365 domestic insurance companies and other domestic entities examined
 366 outside the state shall pay the traveling and maintenance expenses of
 367 examiners.]

368 (d) (1) The commissioner may engage the services of attorneys,
 369 appraisers, independent actuaries, independent certified public
 370 accountants or other professionals and specialists to assist in
 371 conducting the examinations under this section as examiners, the cost
 372 of which shall be borne by the company that is the subject of the
 373 examination.

374 (2) No cause of action shall arise nor shall any liability be imposed
 375 against the commissioner, the commissioner's authorized
 376 representatives or any examiner appointed by the commissioner for
 377 any statements made or conduct performed in good faith while
 378 carrying out the provisions of this section.

379 (3) No cause of action shall arise nor shall any liability be imposed
 380 against any person for the act of communicating or delivering
 381 information or data to the commissioner or the commissioner's
 382 authorized representative or examiner pursuant to an examination
 383 made under this section, if such act of communication or delivery was
 384 performed in good faith and without fraudulent intent or the intent to
 385 deceive.

386 (4) This section shall not abrogate or modify any common law or
 387 statutory privilege or immunity heretofore enjoyed by any person
 388 identified in subdivision (2) of this subsection.

389 (5) A person identified in subdivision (2) of this subsection shall be
 390 entitled to an award of attorney's fees and costs if such person is the
 391 prevailing party in a civil cause of action for libel, slander or any other
 392 relevant tort arising out of activities in carrying out the provisions of
 393 this section and the party bringing the action was not substantially
 394 justified in doing so. For the purposes of this section, a proceeding is
 395 "substantially justified" if it had a reasonable basis in law or fact at the
 396 time that it was initiated.

397 (e) Notwithstanding subdivision (1) of subsection (d) of this section,
 398 no domestic insurance company or other domestic entity subject to
 399 examination under this section shall pay, as costs associated with the
 400 examination, the salaries, fringe benefits, and travel and maintenance
 401 expenses of examining personnel of the Insurance Department
 402 engaged in such examination if such domestic company or entity is
 403 otherwise liable to an assessment levied under section 38a-47, except
 404 that a domestic insurance company or other domestic entity shall pay
 405 the traveling and maintenance expenses of examining personnel of the
 406 Insurance Department when such company or entity is examined
 407 outside the state.

408 (f) All working papers, recorded information, documents and copies
 409 thereof produced by, obtained by or disclosed to the commissioner or
 410 any other person in the course of an examination made under this
 411 section shall be given confidential treatment, shall not be subject to
 412 subpoena and shall not be made public by the commissioner or any
 413 other person, except to the extent provided in subsection (g) of this
 414 section. Access to such working papers, recorded information,
 415 documents and copies may be granted by the commissioner to the
 416 National Association of Insurance Commissioners as long as it agrees,
 417 in writing, to hold such working papers, recorded information,
 418 documents and copies confidential.

419 (g) Nothing in this section shall be construed to prevent or prohibit
 420 the commissioner from disclosing the content of an examination
 421 report, preliminary examination report or results, or any matter

422 relating thereto, to (1) the insurance regulatory officials of this or any
 423 other state or country, (2) law enforcement officials of this or any other
 424 state, or (3) any agency of this or any other state or of the federal
 425 government at any time, provided such officials or agency receiving
 426 the report or matters relating thereto agrees, in writing, to hold such
 427 report or matters confidential.

428 Sec. 6. Subdivision (1) of subsection (d) of section 38a-91bb of the
 429 general statutes is repealed and the following is substituted in lieu
 430 thereof (*Effective October 1, 2011*):

431 (d) (1) Each captive insurance company shall pay to the
 432 commissioner a nonrefundable fee of eight hundred dollars for
 433 examining, investigating and processing its application for a license. [
 434 and the] The commissioner may retain legal, financial and examination
 435 services from outside the department for the licensing and financial
 436 oversight of a captive insurance company, the reasonable cost of which
 437 may be charged against [the applicant] such company. The provisions
 438 of subdivisions (2) to (5), inclusive, of subsection (k) of section 38a-14
 439 shall apply to [examinations, investigations and processing conducted
 440 under] the services retained pursuant to this [section] subsection.

441 Sec. 7. Subsection (g) of section 38a-91hh of the general statutes is
 442 repealed and the following is substituted in lieu thereof (*Effective from*
 443 *passage*):

444 (g) Nothing contained in this section shall prevent or be construed
 445 as prohibiting the commissioner from disclosing the content of an
 446 examination report, preliminary examination report or results, or any
 447 matter relating to such report to (1) the [Insurance Department]
 448 insurance regulatory officials of this or any other state or country, (2)
 449 law enforcement officials of this or any other state, or (3) any agency of
 450 this or any other state or of the federal government at any time, [so
 451 long as] provided such officials or agency [or office] receiving the
 452 report or matters relating to such report agrees, in writing, that such
 453 documents shall be confidential.

454 Sec. 8. Subsections (a) to (c), inclusive, of section 38a-91nn of the
455 general statutes are repealed and the following is substituted in lieu
456 thereof (*Effective from passage and applicable to calendar years commencing*
457 *on and after January 1, 2011*):

458 (a) Each captive insurance company shall pay to the Commissioner
459 of Revenue Services, [in the month of February of each year] on or
460 before March first, annually, a tax at the rate of thirty-eight hundredths
461 of one per cent on the first twenty million dollars and two hundred
462 eighty-five thousandths of one per cent on the next twenty million
463 dollars and nineteen hundredths of one per cent on the next twenty
464 million dollars and seventy-two thousandths of one per cent on each
465 dollar thereafter, on the direct premiums collected or contracted for on
466 policies or contracts of insurance written by the captive insurance
467 company during the year ending December thirty-first next preceding,
468 after deducting from the direct premiums subject to the tax the
469 amounts paid to policyholders as return premiums which shall include
470 dividends on unabsorbed premiums or premium deposits returned or
471 credited to policyholders, except that no tax shall be due or payable as
472 to considerations received for annuity contracts.

473 (b) The annual minimum aggregate tax to be paid by a captive
474 insurance company calculated under subsection (a) of this section shall
475 be seven thousand five hundred dollars, and the annual maximum
476 aggregate tax shall be two hundred thousand dollars.

477 (c) [A captive insurance company failing to file returns as required
478 in this section or failing to pay within the time required all taxes
479 assessed by this section shall be subject to penalty under section 12-
480 229.] The provisions of sections 12-204, 12-204d, 12-204g and 12-205 to
481 12-208, inclusive, shall apply to sections 38a-91aa to 38a-91qq,
482 inclusive, as amended by this act, in the same manner and with the
483 same force and effect as if the language of sections 12-204, 12-204d, 12-
484 204g and 12-205 to 12-208, inclusive, had been incorporated in full into
485 this section and had expressly referred to the tax due under this
486 section, except to the extent such language is inconsistent with a

487 provision of sections 38a-91aa to 38a-91qq, inclusive, as amended by
 488 this act.

489 Sec. 9. Subparagraph (B) of subdivision (1) of section 38a-92a of the
 490 general statutes is repealed and the following is substituted in lieu
 491 thereof (*Effective from passage*):

492 (B) "Financial guaranty insurance" shall not include:

493 (i) Insurance of any loss resulting from any event described in
 494 subparagraph (A) of this subdivision if the loss is payable only upon
 495 the occurrence of any of the following, as specified in a surety bond,
 496 insurance policy or indemnity contract: A fortuitous physical event; a
 497 failure of or deficiency in the operation of equipment; or an inability to
 498 extract or recover a natural resource;

499 (ii) Surety insurance, defined as insurance: Guaranteeing the fidelity
 500 of persons holding positions of public or private trusts; indemnifying
 501 financial institutions against loss of moneys, securities, negotiable
 502 instruments and other tangible items of personal property caused by
 503 larceny, misplacement, destruction or other stated perils; insuring
 504 against loss caused by forgery of signatures on, or alterations of
 505 specified documents, instruments and papers; becoming surety on or
 506 guaranteeing the performance of a bond which shall not exceed a
 507 period greater than five years, that guarantees the payment of a
 508 premium, deductible, or self-insured retention to an insurer issuing a
 509 workers' compensation or liability policy; insuring deposits in financial
 510 institutions to the extent of the excess over the amount insured by the
 511 Federal Deposit Insurance Corporation; guaranteeing the performance
 512 of contracts for services, including a bid, payment or performance
 513 bond where the bond is guaranteeing the execution of any contract
 514 other than a contract of indebtedness or other monetary obligation;
 515 and guaranteeing or otherwise becoming surety for the performance of
 516 any lawful contract, not specifically provided for in this subdivision,
 517 except any insurance contract which constitutes either mortgage
 518 guaranty insurance or financial guaranty insurance, as defined in

519 subparagraph (A) of this subdivision;

520 (iii) Credit unemployment insurance, defined as insurance on a
521 debtor in connection with a specific loan or other credit transaction, to
522 provide payments to a creditor in the event of unemployment of the
523 debtor for the installments or other periodic payments becoming due
524 while a debtor is unemployed;

525 (iv) Credit insurance indemnifying a manufacturer, merchant or
526 educational institution which extends credit against loss or damage
527 resulting from nonpayment of debts owed to such entity for goods or
528 services provided in the normal course of business;

529 (v) Guaranteed investment contracts issued by a life insurance
530 company which provides that the life insurer will make specified
531 payments in exchange for specific premiums or contributions;

532 (vi) Mortgage guaranty insurance, defined as insurance against
533 financial loss by reason of the nonpayment of principal, interest and
534 other sums agreed to be paid under the terms of any note or bond or
535 other evidence of indebtedness secured by a mortgage, deed of trust or
536 other instrument constituting a first lien or charge on residential real
537 estate consisting of less than five units;

538 (vii) Indemnity contracts or similar guaranties, to the extent that
539 they are not otherwise limited or proscribed by sections 38a-92 to 38a-
540 92n, inclusive, in which a life insurer does any of the following:
541 Guarantees its obligations or indebtedness or the obligations or
542 indebtedness of a subsidiary, as defined in section 38a-1, other than a
543 financial guaranty insurance corporation, provided: To the extent that
544 any such obligations or indebtedness are backed by specific assets,
545 those assets shall be at all times owned by the life insurer or the
546 subsidiary, and in the case of the guaranty of the obligations or
547 indebtedness of the subsidiary that are not backed by specific assets of
548 the life insurer, the guaranty terminates once the subsidiary ceases to
549 be a subsidiary; guarantees obligations or indebtedness, including the
550 obligation to substitute assets where appropriate, with respect to

551 specific assets acquired by a life insurer in the course of normal
 552 investment activities and not for the purpose of resale with credit
 553 enhancement or guarantees obligations or indebtedness acquired by a
 554 subsidiary, provided the assets acquired pursuant to this
 555 subparagraph have been either acquired by a special purpose entity,
 556 whose sole purpose is to acquire specific assets of the life insurer or the
 557 subsidiary and issue securities or participation certificates backed by
 558 the assets, or sold to an independent third party, or guarantees
 559 obligations or indebtedness of an employee or agent of the life insurer;

560 (viii) Any cramdown bond or mortgage repurchase bond, as those
 561 phrases are used by nationally recognized rating agencies in respect to
 562 mortgage-backed securities;

563 (ix) Residual value insurance, defined as insurance issued in
 564 connection with a lease or contract which sets forth a specific
 565 termination value at the end of the term of the lease or contract for the
 566 property covered by the lease or contract and which insures against
 567 loss of economic value, other than loss due to physical damage, of
 568 tangible personal property, real property and improvements thereto;

569 (x) Any letter of credit or similar transaction effected by a bank,
 570 trust company or savings association;

571 (xi) Accumulation fund arrangements of any life insurance contract
 572 or annuity contract made pursuant to section 38a-460, or any funding
 573 agreements made pursuant to section 38a-459; or

574 (xii) Any other form of insurance covering risks that the
 575 commissioner determines to be substantially similar to any of the
 576 foregoing.

577 Sec. 10. Subsection (b) of section 38a-364 of the general statutes is
 578 repealed and the following is substituted in lieu thereof (*Effective from*
 579 *passage*):

580 (b) Each insurance company that issues private passenger motor

581 vehicle liability insurance providing the security required by sections
 582 38a-19 and 38a-363 to 38a-388, inclusive, shall issue annually to each
 583 such insured an automobile insurance identification card, in duplicate,
 584 for each insured vehicle, one of which shall be presented to the
 585 commissioner as provided in section 14-12b and the other carried in
 586 the vehicle as provided in section [14-12f] 14-13. Except as provided in
 587 subsection (c) of this section, such card shall be effective for a period of
 588 one year and shall include the name of the insured and insurer, the
 589 policy number, the effective date of coverage, the year, make or model
 590 and vehicle identification number of the insured vehicle and an
 591 appropriate space wherein the insured may set forth the year, make or
 592 model and vehicle identification number of any private passenger
 593 motor vehicle that becomes covered as a result of a change in the
 594 covered vehicle during the effective period of the identification card.
 595 When an insured has five or more private passenger motor vehicles
 596 registered in this state, the insurer may use the designation "all owned
 597 vehicles" on each card in lieu of a specific vehicle description. Each
 598 insurance company that delivers, issues for delivery or renews such
 599 private passenger motor vehicle liability insurance in this state on or
 600 after January 1, 2009, shall include on such card, the following notice,
 601 printed in capital letters and boldface type:

602 NOTICE:

603 YOU HAVE THE RIGHT TO CHOOSE THE LICENSED REPAIR
 604 SHOP WHERE THE DAMAGE TO YOUR MOTOR VEHICLE WILL
 605 BE REPAIRED.

606 Sec. 11. Subsection (a) of section 38a-478n of the general statutes is
 607 repealed and the following is substituted in lieu thereof (*Effective from*
 608 *passage*):

609 (a) Any enrollee, or any provider acting on behalf of an enrollee
 610 with the enrollee's consent, who has exhausted the internal
 611 mechanisms provided by a managed care organization, health insurer
 612 or utilization review company to appeal the denial of a claim based on

613 medical necessity or a determination not to certify an admission,
 614 service, procedure or extension of stay, regardless of whether such
 615 determination was made before, during or after the admission, service,
 616 procedure or extension of stay, may appeal such denial or
 617 determination to the commissioner. As used in this section and section
 618 38a-478m, "health insurer" means any entity, other than a managed
 619 care organization that delivers, issues for delivery, renews, amends or
 620 continues an individual or group health insurance plan in this state
 621 providing coverage of the type specified in subdivision (1), (2), (4),
 622 (10), (11), (12), [and] (13) and (16) of section 38a-469, and "enrollee"
 623 means a person who has contracted for or who participates in coverage
 624 under an individual or group health insurance plan or a managed care
 625 plan for such person or such person's eligible dependents.

626 Sec. 12. Subsection (c) of section 38a-481 of the general statutes is
 627 repealed and the following is substituted in lieu thereof (*Effective*
 628 *October 1, 2011*):

629 (c) No insurance company, fraternal benefit society, hospital service
 630 corporation, medical service corporation, health care center or other
 631 entity which delivers or issues for delivery in this state any Medicare
 632 supplement policies or certificates shall incorporate in its rates or
 633 determinations to grant coverage for Medicare supplement insurance
 634 policies or certificates any factors or values based on the age, gender,
 635 previous claims history or the medical condition of any person covered
 636 by such policy or certificate. [except for plans "H" to "J", inclusive, as
 637 provided in section 38a-495b. In plans "H" to "J", inclusive, previous
 638 claims history and the medical condition of the applicant may be used
 639 in determinations to grant coverage under Medicare supplement
 640 policies and certificates issued prior to January 1, 2006.]

641 Sec. 13. Subsection (b) of section 38a-495b of the general statutes is
 642 repealed and the following is substituted in lieu thereof (*Effective*
 643 *October 1, 2011*):

644 (b) In accordance with the regulations adopted pursuant to section

645 38a-495a, [on and after July 1, 2005,] there [are] shall be standardized
 646 Medicare supplement insurance policies or certificates as designated
 647 [as plans "A" to "L", inclusive] by the Centers for Medicare and
 648 Medicaid Services.

649 Sec. 14. Section 38a-495c of the general statutes is repealed and the
 650 following is substituted in lieu thereof (*Effective October 1, 2011*):

651 (a) Each insurance company, fraternal benefit society, hospital
 652 service corporation, medical service corporation, health care center or
 653 other entity in this state, on or after January 1, 1994, which delivers,
 654 issues for delivery, continues or renews any Medicare supplement
 655 insurance policies or certificates shall base the premium rates charged
 656 on a community rate. Such rate shall not be based on age, gender,
 657 previous claims history or the medical condition of the person covered
 658 by such policy or certificate. [Except as provided in subsection (c) of
 659 this section, coverage shall not be denied on the basis of age, gender,
 660 previous claim history or the medical condition of the person covered
 661 by such policy or certificate, except for plans "H" to "J", inclusive, as
 662 provided in section 38a-495b. In plans "H" to "J", inclusive, previous
 663 claims history and the medical condition of the applicant may be used
 664 in determinations to grant coverage under Medicare supplement
 665 policies and certificates issued prior to January 1, 2006.]

666 (b) Nothing in this section shall prohibit an insurance company,
 667 fraternal benefit society, hospital service corporation, medical service
 668 corporation, health care center or other entity in this state issuing
 669 Medicare supplement insurance policies or certificates from using its
 670 usual and customary [underwriting] administrative procedures,
 671 provided [no] such company, society, corporation, center or other
 672 entity shall issue [a] at any time Medicare supplement [policy or
 673 certificate based on the age, gender, previous claims history or the
 674 medical condition of the applicant, except that the previous claims
 675 history and the medical condition of the applicant may be used in
 676 determinations to grant coverage under Medicare supplement policies
 677 and certificates issued prior to January 1, 2006, for plans "H" to "J",

678 inclusive] policies or certificates that it offers for sale in this state to
 679 individuals eligible for Medicare by reason of such individual's age.

680 (c) Nothing in this section shall prohibit an insurance company,
 681 fraternal benefit society, hospital service corporation, medical service
 682 corporation, health care center or other entity in this state when
 683 granting coverage under a Medicare supplement policy or certificate
 684 from excluding benefits for losses incurred within six months from the
 685 effective date of coverage based on a preexisting condition, in
 686 accordance with section 38a-495a and the regulations adopted
 687 pursuant to section 38a-495a.

688 (d) Each insurance company, fraternal benefit society, hospital
 689 service corporation, medical service corporation, health care center or
 690 other entity in the state issuing Medicare supplement policies or
 691 certificates for plan "A", "B" or "C", or any combination thereof, to
 692 persons eligible for Medicare by reason of age, shall offer for sale the
 693 same such policies or certificates to persons eligible for Medicare by
 694 reason of disability.

695 (e) Each insurance company, fraternal benefit society, hospital
 696 service corporation, medical service corporation, health care center or
 697 other entity in the state issuing Medicare supplement policies or
 698 certificates shall make all necessary arrangements with the Medicare
 699 Part B carrier and all Medicare Part A intermediaries to allow for the
 700 forwarding, to the issuing entity, of all Medicare claims containing the
 701 name of the entity issuing a Medicare supplement policy or certificate
 702 and the identification number of an insured. The entity issuing the
 703 Medicare supplement policy or certificate shall process all benefits
 704 available to an insured from a Medicare claim so forwarded, without
 705 requiring any additional action on the part of the insured.

706 (f) The provisions of this section shall apply to all Medicare
 707 supplement policies or certificates. [issued on and after January 1,
 708 1994. For Medicare supplement policies or certificates issued prior to
 709 January 1, 1994, the provisions of this section shall apply as of the first

710 rating period commencing on or after January 1, 1994, but no later than
711 January 1, 1995.]

712 (g) The Insurance Commissioner may adopt regulations, in
713 accordance with chapter 54, to implement this section.

714 Sec. 15. Subdivision (15) of section 38a-816 of the general statutes is
715 repealed and the following is substituted in lieu thereof (*Effective*
716 *October 1, 2011*):

717 (15) (A) Failure by an insurer, or any other entity responsible for
718 providing payment to a health care provider pursuant to an insurance
719 policy, to pay accident and health claims, including, but not limited to,
720 claims for payment or reimbursement to health care providers, within
721 the time periods set forth in subparagraph (B) of this subdivision,
722 unless the Insurance Commissioner determines that a legitimate
723 dispute exists as to coverage, liability or damages or that the claimant
724 has fraudulently caused or contributed to the loss. Any insurer, or any
725 other entity responsible for providing payment to a health care
726 provider pursuant to an insurance policy, who fails to pay such a claim
727 or request within the time periods set forth in subparagraph (B) of this
728 subdivision shall pay the claimant or health care provider the amount
729 of such claim plus interest at the rate of fifteen per cent per annum, in
730 addition to any other penalties which may be imposed pursuant to
731 sections 38a-11, as amended by this act, 38a-25, 38a-41 to 38a-53,
732 inclusive, 38a-57 to 38a-60, inclusive, 38a-62 to 38a-64, inclusive, 38a-
733 76, 38a-83, 38a-84, 38a-117 to 38a-124, inclusive, 38a-129 to 38a-140,
734 inclusive, 38a-146 to 38a-155, inclusive, 38a-283, 38a-288 to 38a-290,
735 inclusive, 38a-319, 38a-320, 38a-459, 38a-464, 38a-815 to 38a-819,
736 inclusive, 38a-824 to 38a-826, inclusive, and 38a-828 to 38a-830,
737 inclusive. Whenever the interest due a claimant or health care provider
738 pursuant to this section is less than one dollar, the insurer shall deposit
739 such amount in a separate interest-bearing account in which all such
740 amounts shall be deposited. At the end of each calendar year each such
741 insurer shall donate such amount to The University of Connecticut
742 Health Center.

743 (B) Each insurer, or other entity responsible for providing payment
 744 to a health care provider pursuant to an insurance policy subject to this
 745 section, shall pay claims not later than forty-five days after receipt by
 746 the insurer of the claimant's proof of loss form or the health care
 747 provider's request for payment filed in accordance with the insurer's
 748 practices or procedures, except that when there is a deficiency in the
 749 information needed for processing a claim, as determined in
 750 accordance with section 38a-477, the insurer shall (i) send written
 751 notice to the claimant or health care provider, as the case may be, of all
 752 alleged deficiencies in information needed for processing a claim not
 753 later than thirty days after the insurer receives a claim for payment or
 754 reimbursement under the contract, and (ii) pay claims for payment or
 755 reimbursement under the contract not later than thirty days after the
 756 insurer receives the information requested.

757 (C) As used in this subdivision, "health care provider" means (i) a
 758 person licensed to provide health care services under chapter 368d,
 759 chapter 368v, chapters 370 to 373, inclusive, 375 to 383c, inclusive, 384a
 760 to 384c, inclusive, or chapter 400j, and (ii) a person who holds an
 761 equivalent license from any other state.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2011</i>	38a-8(d)
Sec. 2	<i>from passage</i>	38a-9
Sec. 3	<i>October 1, 2011</i>	38a-11(a)
Sec. 4	<i>October 1, 2011</i>	38a-14a
Sec. 5	<i>October 1, 2011</i>	38a-15
Sec. 6	<i>October 1, 2011</i>	38a-91bb(d)(1)
Sec. 7	<i>from passage</i>	38a-91hh(g)
Sec. 8	<i>from passage and applicable to calendar years commencing on and after January 1, 2011</i>	38a-91nn(a) to (c)
Sec. 9	<i>from passage</i>	38a-92a(1)(B)
Sec. 10	<i>from passage</i>	38a-364(b)
Sec. 11	<i>from passage</i>	38a-478n(a)

Sec. 12	<i>October 1, 2011</i>	38a-481(c)
Sec. 13	<i>October 1, 2011</i>	38a-495b(b)
Sec. 14	<i>October 1, 2011</i>	38a-495c
Sec. 15	<i>October 1, 2011</i>	38a-816(15)

INS *Joint Favorable*